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### **OMB CIRCULAR A-123**

#### **Improving the Management of Government Charge Card Programs**

##### **Credit Worthiness**

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Pursuant to Section 639 of the Consolidated Appropriations Act, 2005 (P.L. 108-447), effective October 1, 2005, each agency must assess the credit worthiness of all new purchase and travel card applicants prior to issuing a card. GSA and OMB have issued interim guidance to assist agencies with the credit worthiness requirement in the OMB Circular A-123, Appendix B. Until the agency has implemented a formal credit check process, DOC is required to issue "restricted" purchase cards. A new card applicant is defined as anyone who has not previously been issued a government charge card to include purchase, travel and fleet.

Based on DOC's mission needs and spending patterns, the restricted card will have a single purchase limit of \$500, and a thirty-day limit of \$1,000. Effective immediately all new applications will be issued a restricted purchase card. For questions concerning this matter, please contact the Commerce Bankcard Ctr, (800) 782-2233. (OAM 10-12-05)

A summary plan addressing the OMB Circular new requirements and impact to program has been drafted by Office of Acquisition Management (OAM) on Strategic Sourcing, Credit-worthiness, Training and Tax Reclamation. After OAM approval, DOC's policy manager and Bankcard Director will draft a policy plan to present that will cause the least impact to APCs. Policy changes will be incorporated into the CAM accordingly.

# *SmartPay Newsletter*

October 2005

## **GSA's 7th Annual SmartPay Conference Sailing Onward**

GSA's 7th Annual SmartPay Conference was held at the John Hynes Convention Center in downtown Boston, MA August 30 through September 1, 2005. Each year it gets better with the five banks setting up presentations to inform agency program coordinators of services available and hands-on training sessions to learn report retrieval and creation of ad hoc reporting. The banks, Visa, Mastercard and GSA promoted their products and exhibits and set up welcome centers for agency representatives to drop by, meet staff and ask questions. Roundtable and Best Practice sessions are valuable for attendees as many ideas are shared and discussed. This networking helps all agencies with enhancements to their programs. There were sessions on fraud prevention and identify theft. One DOD IG presented a thought provoking session. She gave examples of things to look for when conducting an audit of travel and purchase cards including split purchases to the same vendor, travel advances with no other travel charges on the card, recurring charges from unknown vendors, and excessive amounts purchased. She stressed the importance of making sure cardholders know you are watching their usage of the card. Citibank reminded us to utilize information resources..... GAO auditing guide, FAR regulations, OMB and agency policies, broadcast messages with reminders for cardholders to minimize risk.

The Government Travel and Related Ethics and Appropriations session presented by GSA's General Counsel offered information pertinent to the laws for frequent flyer miles and traveler compensation:

Frequent flyer benefits can now be used for personal use according to the 2002 National Defense Authorization Act. Monitoring and tracking the acquiring of benefits proved to be cost prohibitive to the government. The Act covers all benefits earned prior to its implementation. In instances when business or first class travel is permissible for government employees, if a traveler is involuntarily bumped from an airline seat, any compensation received must be given to the government as they will probably incur additional travel costs for you. If you voluntarily vacate your seat, you can only keep the compensation if there is no additional cost to the government. General Council cited Congress' mandating use of the government travel card 1998 for all official government travel except local travel. Advantages to the government in implementing mandatory use of the travel card include: improved management of the travel program through reporting, elimination of costly cash advances, rebates earned on employees' prompt payments. Government employees that travel less than five times per year can be exempt from using the travel card. Public Law 105-264 requires an offset

of up to 15% of an employee's salary for non-payment of travel card expenses. Some unions have not agreed with this mandate. OMB is considering mandatory offsets.

Citibank pointed out weaknesses on the Individually Billed Travel program: No consequences, no monitoring, controlling number of cards, lack of approved travel orders, failure to voucher within 5 days, incorrect vouchers and failure to receive reimbursement for unused tickets.

### **Increase in Convenience Checking Fee**

Citibank has announced that the cash advance fee associated with Convenience Checks will increase from 1.25% to 1.50% this quarter. The increase in fee is under negotiation. This is a heads up for the agencies. An update will follow.



### **Smooth Sailing to you in FY 2006**

**Commerce  
Bankcard Center  
Staff**

[http://  
ago.noaa.gov/bankcard/  
bankcard.html](http://ago.noaa.gov/bankcard/bankcard.html)  
(new web site address)